

and Echostar (21 channels). This would cast serious doubt on the viability of a new DBS venture. For these reasons, CTA's proposal (and its related proposal to reduce by half the maximum number of full-CONUS channels a party may hold) should be rejected.

2. Sequential vs. Simultaneous Auctions.

KW, in commenting on para. 80 of the NPRM, "concur[s] that the two channels can be offered in a sequential auction" and then adds "the FCC could also conduct a simultaneous oral sale of the two channels." MCI continues to believe that the two licenses should be auctioned sequentially, with the higher value (full-CONUS) block of channels offered first. A sequential auction is simpler, and is likely to be equivalent. In the FCC's simultaneous auctions, high-valued licenses have cleared before low-valued licenses.

3. Electronic Bidding vs. On-site Bidding.

Should the Commission decide to employ a simultaneous auction, MCI recommends that the "structured open-outcry" auction format described in our initial comments be employed, with bids on both licenses accepted simultaneously, on a schedule such that the bidding will clearly finish in a single day. Telephone or other electronic bidding^{58/} would unnecessarily complicate the procedure, and breaks (either bidder-initiated through a "bid or break" mechanism, or at pre-determined stages) would unnecessarily extend the closing. MCI believes that the auction ought to be conducted so that it will begin and end within a single day. Any serious bidder for licenses this valuable will consider it worthwhile to personally send a representative (employee or authorized agent) with full authority to bid to the bidder's limit. There should be no need to leave the auction site to consult with principals, arrange for additional funding -- and no opportunity to

^{58/} KW, in comments on ¶82, state that telephonic or other electronic means of bid submission could be incorporated into an oral-outcry auction.

use extended breaks to impermissibly collude with other bidders.

4. Withdrawal penalties.

In commenting on ¶96 of the NPRM, KW appears to be advocating the same withdrawal penalty that MCI recommended. MCI continues to believe that a short penalty-free withdrawal period (to accommodate legitimate mistaken bids) is appropriate, but that, thereafter, the bid should be considered legally binding, with any high bid withdrawn prior to closing subjecting the bidder a penalty measured by the difference, if any, between the withdrawn bid and the ultimate winning bid (if lower). A bidder who withdraws after the penalty-free period ends should be disqualified from all subsequent bidding on the same license. For high bids withdrawn after the close of the auction, the Commission should assess a three percent penalty, as it has done in previous spectrum auctions.

III. CONCLUSION

WHEREFORE, for the reasons set forth herein, MCI urges the Commission to take its views, as expressed herein and in MCI's initial comments, into consideration in the revision of its rules and policies for the Direct Broadcast Satellite Service.

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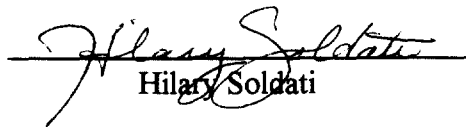
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